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## **B**EAUTY BUSINESS

by

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## BEAUTY BUSINESS

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**M**ISS AMERICA of 1921, winner of the first annual beauty contest held at Atlantic City, N. J., was a dimple-faced little blonde whose curly mop of hair and demure features showed little evidence of the use of any artifice to enhance her natural prettiness. The Miss America to be chosen in September 1960 is likely to be a streamlined beauty with deftly arched eyebrows, tinted eyelids, enameled fingernails and lips of the currently fashionable pale hue. Her face will probably have been treated with numerous creams, lotions and make-up bases before application of the final layers of coloring, and it is hardly conceivable that she will face the judges without first having had her hair professionally "styled." In thus preparing herself for the contest with beauties from other states, this year's Miss America will differ little from millions of other American women who similarly prepare themselves for their daily foray into the world.

It is within the past four decades that the cult of beauty has overtaken virtually the entire female population of the United States, and that the ancient trade in "secret" lotions, powders and dyes has ballooned into a multi-billion dollar beauty industry. Few females beyond the age of 15 now consider cosmetics anything other than an absolute necessity. A majority of women would sooner do without a meal than a regular visit to the beauty shop for a professional hairdo; many, in fact, reduce their food intake as an act of sacrifice for a smart figure.

Since earliest times, women—and men—have used creams, powders and paint to beautify themselves, and there have been eras when the effects attained were more artificial than those sought today. But never before has the practice of improving on nature's gifts been so universal and constant. Never before has there been so massive an industry to foster and cater to woman's innate desire for personal attractiveness.

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The period of growth in use of cosmetics and professional beauty services has coincided roughly with the period in which women have emerged in large numbers from the home to the larger world of wage-earning and of participation in public affairs. The franchise and the lipstick came to American women at about the same time. Both symbolized freeing of women from traditional restraints.

#### DEVELOPMENT OF MASS MARKET FOR COSMETICS

Increasing use of cosmetics has coincided also with growing popular concern for hygiene and good grooming. Years ago, cosmetics and perfumes were generously applied to cover up the unpleasant consequences of hygienic neglect. Modern cosmetology, on the other hand, is based squarely on cleanliness of face, hair and teeth and on trimness of physique. The primary appeal of many skin creams is that they are supposed to do a better job of "deep pore cleansing" than ordinary soap and water. Good health and cleanliness, it is often emphasized, create the perfect base for the artifices of make-up.

Today's woman not only paints and powders for beauty; she also eats (or doesn't eat), consumes vitamins, exercises, and enters classes for beauty. If she can afford it, she may repair to a luxurious beauty retreat and submit to a disciplined regimen for the restoration of beauty. Mrs. Eisenhower has annually made such a pilgrimage and boasted on her return to Washington of her "new" figure and hair-do. For the less affluent woman, there are formal courses in how to make up her face, fix her hair, and trim her figure up or down. Many an adolescent girl is helped over the awkward age by such a course taken at the local Y.W.C.A. or even as a part of the curriculum of the public high school.

The urge to beautify oneself with creams, unguents and artifices is encouraged by articles in popular magazines and on the woman's pages of daily newspapers, and by demonstrations on television. The universal motto is that "Every woman can be beautiful!" *Independent Woman*, published by the Business and Professional Women's Clubs, frequently prints articles on the importance of grooming and make-up in forging a successful career. *Farm Journal* tells the farmer's wife why eye make-up is for her too. Magazines for teenagers regularly offer make-up counsel which does not forbid judicious use of mascara on adoles-

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cent eyelids. Women's magazines urge wives to make themselves beautiful for husbands, and mothers to "look pretty" for children, while the importance of cosmetics in the perennial hunt for romance is a never-ending theme.

Many sociologists have pointed out that the universal use of cosmetics is a clearly defined indication of the democratization of modern society. In the past only women of wealth had the time and means to indulge in an elaborate toilette; the poor girl—if she dared—had to resort to secret applications of beet juice and wheat flour. Cosmetics came within reach of women in general about 35 years ago, when the products began to be turned out in large volume for sale at prices every woman could afford.

By that time most persons had stopped frowning on use of cosmetics by the ordinary woman. Growth of the first truly mass entertainment industry—the movies—had created idols of beauty in the screen stars, whose plucked eyebrows, heavily painted lips, and carefully coiffured hair were copied by admiring fans. When the women's magazines, bulwarks of housewifely respectability, began to thrive on the advertising of cosmetic firms, the stigma on the "painted woman" was altogether forgotten. Cosmetics became so essential to the popular image of the admired woman that few members of the sex would apply for a job, much less go to a party, without first making the necessary emendations on nature.

### CHARACTERISTICS OF AMERICAN COSMETICS MARKET

The cosmetic business has grown to its present mammoth proportions, first of all, by broadening the market to reach women at all social and economic levels. Most recently, it has struck out successfully for the highly responsive teenage market. The younger customers are the cosmetic seller's delight: they have more money than ever before; they are notoriously spendthrift; and they cannot resist experimenting with new cosmetic products.

When the cosmetic industry reached the near-saturation point in potential customers, it went in for more extensive diversification of products. It now makes a steady effort to create demand for never-ending variations of the basic creams, powders and paints. Many of the new items differ little from earlier products except in packaging, color, and the advertising "pitch." At least 250 different trade-marks

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were issued for new cosmetic products in a single recent year. The industry thus sells not only its well-established staples but also a potentially limitless number of cosmetic novelties.

The American people spent a little over \$40 million for toilet preparations in 1914. Since then, sales have risen every year except during the Great Depression. Toiletry and cosmetic sales went over the \$1 billion mark in 1952, and in 1959 they topped \$1.6 billion.<sup>1</sup>

Cosmetic sales are more resistant to a shrinkage of buying power than sales of any other merchandise excepting food and drugs. The business recessions of 1949 and 1957-58 did not check the steady climb of sales; the volume increased 6 per cent in 1958. This was the year the cosmetic manufacturers launched the light lipstick, which women bought in quantities. With economic recovery in 1959, sales advanced nearly 13 per cent.

Close to a half billion dollars a year is spent at retail on hair preparations. Hair coloring, once used chiefly to hide greying hair, is now one of the fastest growing items among women of all ages; it accounted last year for \$58 million in sales. Expenditures in 1959 for face and hand creams totaled \$320 million; perfumes, \$120 million; lipsticks, \$82 million. Mascara, until recently used by few women outside the theater or allied professions but now a staple for housewives and adolescents, accounted for an estimated \$7.5 million in sales and is on a rising curve.

More than two-thirds of women aged 18-34 who answered a recent questionnaire circulated by *Redbook*, and more than half of the older women, put on fresh make-up at least twice a day. More than four-fifths of the younger and two-thirds of the older women said they had tried out new products during the previous year, and nearly two-thirds of the entire group reported using some form of hair coloring.<sup>2</sup> An official of a leading cosmetic firm has estimated that in a city with a female population of 50,000, cosmetic sales should total \$1.5 million a year.<sup>3</sup>

The boom in cosmetic sales is expected to continue. A financial journal has predicted an annual average growth

<sup>1</sup> Source: Toilet Goods Association. The figures cited cover cosmetics and toiletries, including shaving soaps and dentifrices but excluding toilet soaps.

<sup>2</sup> *Advertising Age*, Jan. 4, 1960, p. 47.

<sup>3</sup> Murray Spitzer of Helena Rubinstein, "Inventory Planning," *Beauty Fashion*, March 1960, p. 20.

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during the 1960s of around 8 per cent. Predictions of rising sales rest to a large extent on the expected growth of the female teenage population. Little girls as young as 9 or 10 are already being indoctrinated into beauty's rites with a special line of beginners' cosmetics which have become standard gift items for Christmas and birthdays.

Although the beauty business is aimed primarily at the female market, the array of good grooming requisites for men is impressive, with several large firms concentrating on their "men's lines." Sales of men's hair tonics are estimated at \$66 million annually, after-shave lotions at \$40 million.

### BIG BOOM IN BEAUTY SHOPS AND BEAUTY SERVICES

Along with the tremendous growth in sales of cosmetics has come a comparable boom in professional beauty services, chiefly for dressing the hair. The beauty salon now is almost as regular a feature of shopping centers as the supermarket. The government's 1958 census of business showed some 110,400 beauty shops operating in the United States<sup>4</sup>—38 per cent more than the number shown in the 1954 census. The shops did a business of more than \$1 billion in 1958—a 13½ per cent gain over 1954. Later estimates from trade sources place the 1959 total above \$1.1 billion.<sup>5</sup>

For the past 11 years, a trade publication has made annual surveys of sales by suppliers of beauty shops as an index to trends in the business. A rise in sales was reported each year, and the 1959 study showed the greatest gain of all. Most significant was the rise in sales of equipment, indicating expansion of beauticians' facilities. Ninety-seven per cent of all suppliers reported an increase in gross receipts, more than half reporting gains of 11 to 26 per cent. Most of the dealers expected a 5 to 10 per cent rise in the first half of 1960.<sup>6</sup>

The beauty shop boom got under way when what had been only a service for particular occasions became habitual to a growing number of women. The beauty shop offers many services—massage, facials, hair removal, make-up instruction—but its mainstay is the "hairdo."

<sup>4</sup> Only beauty shops with annual receipts of at least \$1,000 were counted. Beauticians' services supplied in establishments primarily devoted to another type of business were excluded unless the beauty shop was operated separately as a concession.

<sup>5</sup> *Modern Beauty Shop*, December 1959, p. 37.

<sup>6</sup> "The Editorial Viewpoint," *Modern Beauty Shop*, May 1960, p. 63.

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Four-fifths of the women questioned in a survey of beauty salon patronage in early 1959 said they had been to a beauty shop at least once within the previous year, and two-thirds within the previous three months.<sup>7</sup> Fluctuations in family income during the 18 months ended in February 1959 had had no deterring effects on patronage. On the average, women visited a beauty shop about four times a year, spending \$3.34 at each visit.<sup>8</sup> More than half of those questioned had had a professional permanent wave within a year, at an average cost of almost \$12.

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## **Advances in the Art of Beautification**

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THE EARLIEST RECORDS, dating from the dawn of history, tell of special preparations used to beautify the skin, to dress or dye the hair, and to make up the face and body. All of the ancient civilizations for which records are extant were acquainted with a host of beautifying preparations, made chiefly from animal and vegetable fats, aromatics, spices and various mineral or vegetable dyes.

Excavations of the royal tombs at Ur in Babylonia brought to light beauty aids used by kings and queens 5,000 years ago; among the burial items were manicuring implements and kohl, a black substance prepared from antimony which was used to tint lips, nails and eyelids. A papyrus dating from 1550 B.C. gave the recipe for a henna dye used on the hair of an Egyptian queen. Other records described a method of curling the naturally straight hair of Egyptians. Small strands of hair were wrapped around thin sticks or heated metal rods, then packed with mud (sometimes tinted) and allowed to dry in the sun. This method differs little from that used to set women's hair today.

A recently compiled list of cosmetics known in early Christian times included preparations for virtually every cosmetic need served by the 20th century beautician. Among cosmetics for the skin were salves and meals for cleansing; oils and ointments for lubrication; bleaches,

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<sup>7</sup> *Modern Beauty Shop*, August 1959, p. 65.

<sup>8</sup> Older women visit the beauty shop more frequently than younger women, but younger women buy more cosmetics at retail.



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powder, rouge; blackening for eyebrows and lashes; depilatories; and preparations for dryness, wrinkles, freckles, white spots, and sunburn. For the hair various preparations and devices were available—among them hair dyes, dandruff removers, tweezers and curling irons.<sup>9</sup>

### COSMETOLOGY AND MEDICINE: ANCIENT AND MODERN

Cosmetics were first employed in the performance of religious rites. Knowledge of the various concoctions used for this purpose thus resided in the high priests. Because the priests were the first physicians, the art of cosmetology made an early association with the practice of medicine—an association which continued for thousands of years and which even today is not entirely severed.

Hippocrates (460-377 B.C.), the Greek "father of medicine," is credited with having first established the basis of modern beauty-health routines which stress good diet, moderate living habits and massage. Galen (130-200 A.D.), whose medical writings were standard texts for more than a thousand years, composed a treatise on beauty culture and gave the first known recipe for cold cream. His formula, calling for a molten mixture of oils, beeswax and water, is still the basis of cold cream manufacture.

Not until the early 14th century did a medical text distinguish between preparations for the treatment of diseased conditions and those intended only to beautify. But it was another two centuries before doctors generally began to consider the practice of beauty culture beyond their professional province. When the physicians abandoned the beauty trade, the barbers took over care of the hair, and concoction of beautifying products fell into the hands of less knowledgeable tradespeople and charlatans or became a home do-it-yourself project.

The practice of medicine now has made new connections with cosmetology. Manufacture of modern cosmetics depends on many of the new materials used in medical preparations. The medical specialty of dermatology is concerned with skin diseases, the cure of which is a first essential of beautification.

Surgical repair of the wounded in battle gave great impetus to cosmetic surgery. Plastic surgery not only can repair the damage to personal appearance caused by

<sup>9</sup> Edward Sagarin, ed., *Cosmetics: Science and Technology* (1957), p. 11.

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wounds and accidents, but also can modify errors of nature and remove—at least temporarily—outward evidences of age. A misshapen or overlong nose can be remolded by an hour-long operation requiring only a local anesthetic. A face-lifting operation pulls up loose folds of the face, smoothing and tautening the skin to give an appearance of youth. A double chin and bulges under the eyes can be removed by a similar operation. A receding chin can be rebuilt by inserting a section of cartilage, and protruding ears can be permanently pinned back by surgery. Operations of these kinds cost from \$500 to \$1,000.

Modern doctors, like the ancients, recognize the psychological benefits gained by a patient when his appearance is improved. Beauty shops installed in institutions for the mentally ill have had positive therapeutic value. Programs for the regeneration of delinquents and other offenders usually stress good grooming which, for a woman, means a certain amount of make-up.

#### **"SECRET RECIPES" FOR MAKING COSMETICS AT HOME**

Barber shops for men have existed since ancient times, but until recently the dressing of women's hair was almost always done in the home. A woman of wealth and position usually had slaves or servants specially trained in the art. In the 17th century, an age of elaborate hairdos, the wives and daughters of wigmakers began to function as professional hairdressers, coming to the homes of well-to-do clients to dress their hair for special occasions.

During the reign of Elizabeth I it became fashionable for high-born ladies to prepare their own cosmetics in the "still room" of their households. The Queen herself, who used cosmetics copiously, was an amateur dabbler in this branch of applied chemistry. Home manufacture of cosmetics continued to be widespread well into the 19th century.

The average American housewife of a century ago was the target of a steady stream of advice on how to keep herself looking young and lovely. Numerous recipes for homemade beautifiers were printed in women's magazines, and a number of faded professional beauties found a good market for booklets disclosing the "secrets" of their dressing tables. Most of this advice concerned softening and whitening of the skin, removal of blemishes, and prevention of the ravages of age; less was written about make-up.

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Even in the relatively drab 19th century, however, many women tinted their hair and brightened their lips and cheeks. But they usually engaged in such practices in secret, hoping that their artifices would not be detected. Dolly Madison, for example, was strongly suspected of using rouge, but she never admitted it.

### ADDITION OF SCIENTIFIC KNOWLEDGE TO BEAUTY LORE

From its beginnings, the art of cosmetology has been a strange mixture of mumbo-jumbo and applied science. Some of the early instructions on beautifying procedures called for products which had more mystic than practical use. A method of removing freckles, first published in a collection of "household recipes" in London in 1602, called for washing the face "in the wane of the Moone with a sponge morning and evening with the distilled water of Elder-leaves."<sup>10</sup> But many of the ingredients prescribed centuries ago are used in modified form in modern cosmetics. The ancient Egyptians compounded emollients of almond oil and mutton fat, the latter related to lanolin which is so extensively used in creams and lotions today.

The lore of cosmetology has been accumulating for thousands of years, much of it a byproduct of the deepening knowledge of the botanist, the chemist and the medical practitioner. The Renaissance was a period of swift advance in the compounding of beautifiers, aided by the increased flow of trade in aromatics, spices and dyes from the East and by the growing wealth which encouraged the desire for self-adornment. Women of that period used rouge of iron oxide or cinnabar and face powder of lead carbonate, while both sexes made extensive use of pomades, chiefly of animal fat, to dress the hair.

Improvements in the industrial processes used in manufacture of dyes, fats, soaps and other materials were generally incorporated into the manufacture of cosmetics. But the great refinement and elaboration of cosmetics that has occurred in the past 100 years resulted from the growing cosmetic industry's search for better products. Until around 1900, for example, cold cream compounded by the neighborhood druggist was a dense, sticky paste which tended to deteriorate quickly. By simply substituting mineral for animal oils, it was found possible to produce a more stable product suitable for mass production and distribution.

<sup>10</sup> *Delights for Ladies* Written Originally by Sir Hugh Plat, reprinted from 1627 edition in 1939.

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The first face powders blended in America were made with bases of lead, arsenic salts or bismuth. The safest of these was bismuth, but it was likely to darken when exposed to candle fumes or gaslight. Rice starch, generally used in the early manufacture of face powder, tended to cake on the skin and in hot weather to ferment. Major advances came in the 1860s with discovery that oxide of zinc made a more satisfactory base for powder, and in the 1890s with discovery of the cosmetic use of talc (magnesium silicate). Face powders now are compounded chiefly of these two substances plus kaolin, calcium carbonate, and salts of zinc and magnesium. Their fineness of grain and smoothness in application, their faculty for adhering to the skin, and their infinite gradations of shade make for tremendous improvement over the chalky white powders used by women of earlier generations.

#### INVENTION OF LIPSTICK; THE FIRST PEROXIDE BLONDE

Until modern times, women painted their cheeks and lips with dyes and stains that did not "blend in" with the complexion. A popular cosmetic of the past was the "Spanish paper," impregnated with carmine dye, which was rubbed on lips and cheeks. Probably the most striking innovation after Galen's cold cream was the lipstick, first marketed in the United States in 1915. The original lipstick not only gave women a lip rouge they could conveniently carry for repeated use during the day; it also imparted a natural bloom to the lips at a time when most women still did not want to look obviously painted. The lipstick today is the most ubiquitous of all make-up items and is the last cosmetic most women would relinquish.

A recent history of beauty culture noted that increased use of facial make-up in the United States began in the early 1920s, when natural looking shades of powder and rouge replaced the chalky white and bright reds of the past. "Because their natural appearance defied detection, the demand for the new cosmetics grew enormously, early prejudices began to disappear, and the use of make-up again came into popular favor."<sup>11</sup>

Women used to wash their hair with soap and water; then came the first shampoos made with Castile soap or coconut oil. But shampoos did not become staples until the introduction of liquid detergents in 1930. Today the

<sup>11</sup> Florence E. Wall, *The Principles and Practice of Beauty Culture* (1957), p. 26.

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trade estimates that the hair of at least 97 per cent of all American women is washed with commercial shampoos.

The art of hair dyeing also has made enormous strides. Women in the past used henna, alum, vinegar, saffron, silver salts, infusions of tree bark and walnut juice for this purpose. But the heyday of the bleached blonde did not arrive until the use of hydrogen peroxide as a hair bleach was first demonstrated at the Paris Fair in 1867. Recent developments in the production of temporary color rinses and permanent dyes give women a choice of hair colors far wider than that bestowed by nature. Many women, especially young girls, think nothing of changing the color of their hair with each shampoo. The aerosol container, first widely used for insecticides, was responsible for the phenomenal boom in sprays for controlling the hair.

Synthesizing of thousands of organic chemical compounds in research laboratories has added tremendously to the variety of beauty preparations. Modern hair colorings are largely the product of the discovery that some of the new synthetic organic compounds were suitable dyes for animal fibers. Like many other industries, cosmetic manufacture benefited from the speed-up of practical research during World War II. Creams and salves developed for military purposes—camouflage make-up for commandos, flash-burn salves, protective creams for personnel stationed in Arctic or desert areas—found new uses after the war in the cosmetician's cauldron.

### EFFECT OF PERMANENT WAVE ON BEAUTY BUSINESS

Growth of the beauty parlor business resulted largely from technological advances in dressing the hair, though it was aided also by the vogue for short hair started 45 years ago by the dancer Irene Castle. A French barber, Marcel Gateau, devised in 1872 a method of manipulating the hair with curling irons to produce a smooth series of waves over the head—a style which found long-lasting favor. His instructions on how to give a "marcel," published in 1897, were followed by hairdressers on two continents.

Within another decade a German hairdresser living in London—Charles Nessler—had invented a process of softening the hair with borax and baking it into fixed curls, thus devising the first method of putting naturally straight

hair into a form that would remain impervious to subsequent shampoos. Permanent waving, as it developed with the use of electricity, boosted beauty shop business tremendously; today approximately 30 per cent of that business is from permanents. The later discovery of a new, cold-wave process, first marketed in the United States in 1934, led to large sales of home permanents.

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### **Competition in Marketing of Cosmetics**

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A SPOKESMAN for the beauty business has observed that "the basic motivation for our huge cosmetic industry . . . [is] the prodigious effort expended by the female to acquire a maximum of attractiveness." That effort is explained by the fact that "the female is instinctively aware that her social, psychological and physiological well-being is dependent on her ability to attract the male."<sup>12</sup> But merely supplying enough creams, powders and dyes to enable women to obtain the effects they desire would not support so vast an industry. To assure booming sales, it is necessary to keep women in a perpetual state of longing for new cosmetics, whether they "need" them or not.

The industry has accepted the findings of motivational research. According to Vance Packard: "[Research found] many women's dressers cluttered with 'dead enthusiasms'—stale jars, unopened bottles, half-used boxes of cosmetics. It found that there is a dismally low rate of brand loyalty among users [of cosmetics] and that the industry has had to combat disappointment and raise new hopes by constantly bringing out new products, an expensive and discouraging process."<sup>13</sup> With such a market it is little wonder that the cosmetic industry is highly competitive and more than ordinarily devoted to the arts of advertising and packaging. Like the clothing industry, cosmetic manufacture is subject to the vagaries of fashion, which it makes an effort to control but not always with success.

#### DIVERSITY OF PRODUCTS; FASHIONS IN COSMETICS

Because the cosmetic manufacturer is continually trying to capture a new segment of the market with a product

<sup>12</sup> L. Stambovsky, "What Price Beauty?" *Drug and Cosmetic Industry*, April 1960, p. 472.

<sup>13</sup> Vance Packard, *The Hidden Persuaders* (1957), p. 84.

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claimed to be "different" from all others, the modern woman is faced with a bewildering array of preparations and often has a hard time deciding how to divide her cosmetic dollar. Purchase of a shampoo, for example, necessitates a choice among manifold types and claims, and a cosmetic chemist has noted a "distinct overlapping of function" among the numerous hair conditioners, rinses, wave sets and lacquers which have become adjuncts of hair care. The choice among face creams is even more formidable.<sup>14</sup>

With customers ever ready to try something new, manufacturers cannot resist the temptation to keep introducing cosmetic novelties. "There seems to be a constant continuing consumer interest merely in the changed form of a cosmetic product. . . . Sometimes if we take a powder and make it into a cake, we can create . . . a new volume of business."<sup>15</sup> New types of dispensers, like the roll-on for deodorants, are a particularly favored form of innovation. A mere change in packaging may account, according to an industry specialist, for a boost of 30 to 50 per cent in sales.

Introducing novelties, however, is a gamble. Some are deliberately put on the market for only a short period for the purpose of profiting on the initial curiosity, while other novelties, like the jellied form of shampoo, remain as staples. A financial publication reported that "The high risk factor which characterizes the beauty field is underscored by a recent survey which found that 1,000 out of 1,200 cosmetic products introduced during the last five years are now economically insignificant. . . . emphasiz[ing] the abrupt shifts in a company's fortunes which can take place."<sup>16</sup>

Fashion not only dictates a frequent change of cosmetic preparations but has induced women to buy a greater variety of cosmetics than would be necessary in the interest of beauty alone. Whereas a single lipstick sufficed for the average woman in past years, today's woman must have a full line. The notion that the shade of lipstick should be changed with a change of costume was introduced during the 1930s. Then the idea was successfully implanted that lipsticks and nail enamel should match, boosting sales of both products.

<sup>14</sup> Edward Sagarin, *op. cit.*, pp. 381-382 and 531.

<sup>15</sup> "Packaging and Selling," *Drug and Cosmetic Industry*, May 1960, p. 630.

<sup>16</sup> "No Recession in the Beauty Business," *Financial World*, May 21, 1958, p. 22.

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Manipulation of cosmetic fashions scored one of its most striking successes when introduction of the light lipstick rendered obsolete, almost overnight, every other lipstick a woman owned. For a while last year one of the biggest selling items was the white lipstick, to be applied as an undercoat to give the approved pallid look when covered by such lipstick shades as pale peach or lavender. But fashion arbiters are already saying that the light-lip fad has almost run its course and may be succeeded by a revival of the dark reds fashionable 15 or 20 years ago.

#### LOW PRODUCTION COSTS; HIGH ADVERTISING COSTS

An industry so competitive, serving the deeper recesses of human longing, necessarily depends heavily on techniques of presenting the goods to its market. Production costs are relatively low. The total production payroll in cosmetic manufacture in 1958 was \$66.5 million, which was small considering that the value added by manufacture totaled \$420 million—a ratio of about 1:7 compared with a ratio of around 1:3 for manufacturing as a whole.

Costs of raw materials—the oils, gums, salts, minerals and pigments—are relatively low. The American Medical Association, in a crusade against “cosmetic humbug” a quarter century ago, pointed out that “The retail price of many cosmetic preparations bears little relation to the cost of ingredients.”<sup>17</sup> Expansion of cosmetic research in recent years has added some new but not relatively heavy costs. The biggest spender on research is reported to be Revlon, which budgeted about \$1.1 million for the purpose in 1959, a year in which its net sales totaled \$125 million and its net income was close to \$11 million.

Advertising outlays are the really big costs in the cosmetic industry. Cosmetic makers pay out a greater percentage of the sales dollar for advertising than any other industry and spend more than all except the food industry in making their products known to the public. The effectiveness of television in advertising cosmetics has driven the giants of the industry to budget more and more for this medium. TV adds a new risk factor because the return on television advertising depends on the unpredictable popularity of the sponsored show. This is a problem that did not arise in the era when most cosmetic advertising was

<sup>17</sup> American Medical Association Bureau of Investigation, *Cosmetics and Allied Preparations* (1937), p. 2.



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in women's magazines. The enormous popularity of the TV program *\$64,000 Question* was given much of the credit for a rapid rise in Revlon sales which gave that company a second-ranking position among all cosmetic manufacturers. But another well-known cosmetic firm recently blamed a decline in its earnings on heavy expenditures for "unproductive television advertising."

The nature of cosmetic advertising has been described by Gilbert Seldes as more "incantation" than "argument."<sup>18</sup> Industry leaders are quick to admit that the function of cosmetics is not only to create specific changes in a woman's appearance but also to give her an inner glow, a feeling that she is lovely and glamorous. In this context, cosmetic advertising is part of the service supplied by the industry.

Cosmetic makers at one time relied largely on testimonials by prominent socialites to impart glamor and status to the use of cosmetics. Elizabeth Arden and Helena Rubinstein, the two women most responsible for the first great growth of the cosmetic industry, both made their start by operating salons for wealthy, fashionable women, later marketing their high-status products for mass consumption. The testimonial fever reached its peak in the late 1920s when the Queens of Spain and Rumania gave testimonials for Pond's cold cream.

Some segments of the industry now believe that women are more sophisticated about advertising and want concrete information on the products offered. Federal controls over misleading or fictitious claims have curtailed earlier abuses. Cosmetic advertising today seems to veer from the plain facts to the pseudo-poetic. The same company which ran a plain-spoken advertisement stating that its hair spray would banish "droopy hairdos" ran another describing "illusion tint powder" as "new gossamer tints . . . a living new dimension."

### TREND TO CONCENTRATION IN COSMETIC INDUSTRY

Until recently cosmetic manufacture was a field for many small operators in which a clever or lucky newcomer with an appealing new product could make a quick success despite entrenched competition. The classic example of such a breakthrough occurred in the 1930s when Revlon burst on the market with a line of opaque nail enamels. Revlon's entry banished forever the standard translucent nail polish.

<sup>18</sup> Gilbert Seldes, "Advertising Chic to Chic," *TIDE*, September 1958, p. 31.

### Editorial Research Reports

Rising marketing costs and new high-risk factors have encouraged a recent tendency toward consolidation in the industry with a falling off of new entrants. A giant in cosmetics 10 years ago did a \$25 million annual business; today one company does close to \$250 million and another \$125 million a year. The nine top concerns do a combined business of more than half a billion dollars—about one-third of the total.

The big companies are going in more and more for diversification, not only to increase business but also as a hedge against the unpredictable turns of product sales. The diversification involves expansion of cosmetic lines and the production and marketing of non-related commodities. A number of mergers have brought pharmaceutical and cosmetic production under single ownership, the two industries having a common affinity for applied chemistry. Revlon, which began with nail enamel, now not only produces a complete cosmetic line but also has interests in pharmaceuticals and shoe polish. The maker of Pond's cold cream markets in addition a cough syrup and vaseline. Despite the trend toward bigness, some of the older companies continue to maintain a strong hold over the market for a single product, as is the case with an eyeshadow called Mabeline.

#### PRESTIGE BEAUTY AIDS VS. SUPERMARKET OFFERINGS

Although a majority of cosmetics are well within the reach of the purse of the average woman, a certain segment of the industry cultivates a prestige market with products which are much higher in price. The prestige products, which have brand names less widely known than those of the mass market items, are usually sold only through franchised outlets, often the most fashionable department store in a city.

It is among the prestige items that the "rare ingredient" motif is stressed. Many of the products are creams advertised to rejuvenate the skin of older women. A high-prestige face cream now being marketed sells at retail for as much as \$115 for a 16-ounce jar or \$20 for a single ounce. The cream is said to be a blend of "turtle oil, shark oil, royal jelly, silicone and leichol, plus 20 additional ingredients never before blended into one jar of cream." According to an advertisement in *Vogue*, its purpose is to restore "the freshness and radiance of a years-younger complexion."

### *Beauty Business*

The average woman may long for such creams but she does not buy them. She shops chiefly for well-known trade-names at the drug store, the dime store and, to an increasing extent, at the supermarket. An industry survey of sales in 1958 showed that 40 per cent of all hair products and 17 per cent of hand and face creams sold were bought at grocery outlets, while 35 and 30 per cent respectively were bought at drug stores.<sup>19</sup> For some reason, only a tiny percentage of cosmetics is purchased at beauty shops. A surprising amount of cosmetics is sold by door-to-door salesmen. The biggest cosmetic manufacturer of all—Avon Products Inc.—sells only in this way; its net sales in 1959 amounted to \$142 million; profits approximated 10 per cent of that figure.

A continuing problem for the industry is how to maintain the connotation of glamor in a product which is mass-marketed in grocery stores. Whether this trend presages a new era of common sense in the use of make-up remains to be seen. A marketing research psychologist has expressed belief that as women move up the social scale, they want to change from "conspicuous consumption" to "conspicuous respectability." The solution for the cosmetic people is to stress "a new quality of dignity, sensibility and forthrightness for the mass products" while at the same time bringing "the toney products . . . down off their high horse."<sup>20</sup>

<sup>19</sup> Paul C. Olsen, "Druggists Hold 40 Per Cent of the Health-Beauty Market," *Drug Topics*, Sept. 28, 1959, p. 6.

<sup>20</sup> Paul A. Fine (vice president of the Center for Research in Marketing), quoted by Letitia Lyon Sage, "Quality and Quantity," *Beauty Fashion*, February 1960, p. 26.





